

# Rubin & Hays

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March 1, 2004

RECEIVED  
MAR 2 2004  
PUBLIC SERVICE  
COMMISSION

Mr. Thomas Dorman  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Case 2004-00071

Re: Cawood Water District PSC Application

Dear Mr. Dorman:

Enclosed please find the original and ten (10) copies of the Application of the Cawood Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jkm  
Enclosures

cc: Distribution List

**DISTRIBUTION LIST**

**Account No. 143.0000**

**Re: Cawood Water District Waterworks Revenue Bonds, Series 2004.**

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**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED  
MAR 2 2004  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

**THE APPLICATION OF THE CAWOOD WATER DISTRICT FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT, FINANCE AND INCREASE RATES PURSUANT TO KRS 278.023.** )  
 )  
 ) **Case No. 2004-00071**  
 )  
 )

**A P P L I C A T I O N**

This Application of the Cawood Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Harlan County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Cawood Water District  
c/o Mr. Walter Burkhart, Chairman  
P.O. Box 429  
Cawood, Kentucky 40815

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the installation of approximately 91,350 linear feet of 3, 4 and 6-inch water main and appurtenances; construction of a booster pumping station; and construction of a 53,000 gallon standpipe and appurtenances, including radio telemetry.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$350,000 of its Waterworks Revenue Bonds, (ii) a Rural Development ("RD") grant in the amount of \$350,000; (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$225,000; (iv) a Kentucky State Surplus ("KSS") grant in the amount of \$500,000; (v) a Kentucky State Coal Severance ("KSCS") grant in the amount of \$50,000; (vi) a Harlan County Fiscal Court

contribution in the amount of \$500,000; and (vii) an Applicant contribution in the amount of \$45,000. Applicant has a commitment from the RD to purchase said \$350,000 of bonds maturing over a 40-year period, at an interest rate not to exceed 4.50% per annum as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions, as amended, with proposed maturity schedule **(Exhibit "A")**.
- B. Copy of RD Letter of Concurrence in Contract Award **(Exhibit "B")**.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant **(Exhibit "C")**, based upon statements of the Engineers for Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
  - (2) All other state approvals or permits have already been obtained;
  - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rates pursuant to Section 4 of 807 KAR 5:069, in the Harlan Daily Enterprise which is the newspaper of general circulation in Applicant's service area and in Harlan County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as **Exhibit "D"**.

9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, Applicant, the Cawood Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$350,000 of Cawood Water District Waterworks Revenue Bonds at an interest rate not to exceed 4.50% per annum, (ii) an RD Grant in the amount of \$350,000; (iii) an ARC grant in the amount of \$225,000; (iv) a KSS grant in the amount of \$500,000; (v) a KSCS grant in the amount of \$50,000; (vi) a Harlan County Fiscal Court contribution in the amount of \$500,000; and (vii) an Applicant contribution in the amount of \$45,000.
- c. An Order approving the proposed rates as set out in Section 23 of the RD Letter of Conditions filed herewith as an Exhibit.

Cawood Water District

By: Walter Smith  
Chairman  
Board of Water Commissioners

W. Randall Jones  
W. Randall Jones, Esq.  
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